USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date:

GAIN Report Number:

Pakistan

Grain and Feed Update

Grain and Feed Update 2013

Approved By:
Clay Hamilton
Prepared By:
Asmat Raza

Report Highlights:
Increased availability of irrigation water and better soil moisture conditions from the monsoon season resulted in timely planting of wheat across Pakistan. Though the pace of wheat imports decreased in the last month, Pakistan is still expected to import 800,000 tons of wheat during the current marketing year. MY 2013/14 rice production estimate is revised upwards from 6.0 to 6.4 million tons mainly due to better monsoon rains and better yields from the hybrid varieties. MY 2012/13 production is also revised up from 5.4 to 5.8 million tons. MY 2013/14 exports are increased from 3.0 to 3.4 million tons and MY 2012/13 exports from 3.0 to 3.3 million tons.

Wheat:

Better Water Availability Results in Timely Planting of Wheat

Increased availability of irrigation water and better soil moisture conditions from the monsoon season resulted in timely planting of wheat across Pakistan, compared to previous years where delays have been a chronic issue. Also, due to low prices of cotton, farmers did not wait for the last picking before replanting with wheat. A significant area of wheat in Pakistan is sown after cotton and during the period of high cotton prices, farmers tend to wait for the last picking, delaying wheat planting and consequently adversely affecting wheat yields.

Since 2010, monsoon flooding in Sindh has affected wheat planting to varying degrees. Wheat is planted a month earlier in the Sindh province than Punjab. In recent years, Sindh wheat farmers found it difficult to prepare their land for wheat in time due to the timing of the floods. This resulted in delayed planting and thus affected yields. During 2013, monsoon floods were more severe in Punjab than Sindh thus enabling Sindh farmers to plant well in time. As wheat planting in Punjab commences a month later than Sindh, flooding has never impacted Punjab wheat planting significantly.

A shortage of certified seed is one of the major problems being faced by the wheat farmers. The bulk of Pakistan's wheat crop is planted using home grown seeds. However, during recent years, increased awareness among farmers have resulted in enhanced demand for higher quality and certified seeds. Seed companies both in public and private sector have not been able to fill the demand leaving a supply gap for the quality seeds. This has resulted in shortage of certified seed forcing the farmers to continue to use the home grown seeds.

Trade

Though the pace of wheat imports decreased in the last month, Pakistan is still expected to import 800,000 tons of wheat during the current marketing year. According to trade sources, Pakistan has so far imported around 450,000 tons of wheat. Almost all of this wheat is being sourced from the black sea region due to lower prices. Black sea wheat is being traded at $288/MT. Wheat millers are continuously raising concerns about the quality of wheat being imported.

According to wheat millers around 400,000 tons of wheat flour has so far been exported to Afghanistan during the current marketing year.

Rice:

The MY 2013/14 production estimate is revised upwards from 6.0 to 6.4 million tons mainly due to better monsoon rains and better yield from the hybrid varieties. MY 2012/13 production is also revised up from 5.4 to 5.8 million tons based on the reports received from field and trade sources. MY 2013/14 and MY 2012/13 consumption is reduced slightly mainly due to higher domestic prices. Based on the information received from industry, MY 2013/14 exports are increased from 3.0 to 3.4 million tons and MY 2012/13 exports from 3.0 to 3.3 million tons.

The production increase and recent easing of energy shortages allowing more consistent electricity supplies helped rice millers maintain a steady supply line for export (Note: government efforts to resolve long standing energy problems have recently resulted in higher electricity prices; however, the higher prices for electricity are still more economical than alternative sources of energy such as

fuel for generators). It may however be noted that the slight increase in exports is mainly in the non-Basmati hybrid varieties of rice and Pakistan is still losing ground on the Basmati varieties, which traditionally have been its strong hold. The reason is gradual shifting pattern among farmers community toward hybrid varieties at the cost of basmati due to shorter growing season and higher productivity.

Pakistan's rice crop has been consistently affected by the monsoon flooding since 2010 and the conflicting reports of flood damage and devolution of agriculture ministry to provinces have made it difficult to get accurate and timely data.

Pakistan's Rice Producers Disturbed over WTO Deal in Bali

Pakistan's failure to block the Indian proposal of subsidized production of crops at the WTO meeting in Bali rankled the farming community in Pakistan. The country's rice producers were particularly upset at the WTO deal in Bali. According to Basmati Growers Association, the agreement paved the way for India to push through and get approval for their subsidy package at the ministerial. They believe that negotiations were focused on trade facilitation with little concern for Pakistani farmer's interests who would be negatively impacted by the subsidized Indian production of staple crops, like rice, wheat, cereals etc. The association was also critical of the government attitude which they claimed did not do enough to defend the commercial interests of the farming community of the country.

In spite of the sharp reaction from the Pakistan's rice producers on the agreement, its impact on the Pakistan's rice export will depend on a variety of factors including the international prices and the production trends in the coming years. Pakistan will also need to reverse the declining trend in its Basmati production in order to utilize its comparative advantage and increase its rice exports.

Production, Supply and Demand Data Statistics:

Rice, Milled Pakistan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,750	2,750	2,400	2,400	2,700	2,700
Beginning Stocks	300	500	550	700	300	700
Milled Production	6,200	6,200	5,400	5,800	6,000	6,400
Rough Production	9,301	9,300	8,101	8,700	9,001	9,600
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	54	0	45	0	0	0
TY Imports	65	0	30	0	0	0
TY Imp. from U.S.	52	0	0	0	0	0
Total Supply	6,554	6,700	5,995	6,500	6,300	7,100
MY Exports	3,456	3,500	3,000	3,300	3,000	3,400
TY Exports	3,399	3,500	3,000	3,300	3,000	3,400
Consumption and Residual	2,548	2,500	2,695	2,500	2,800	2,600
Ending Stocks	550	700	300	700	500	1100
Total Distribution	6,554	6,700	5,995	6,500	6300	7,100
Yield (Rough)	3.38	3.38	3.33	3.62	3.50	3.55
TS=TD	0	0	0	0	0	0